

MORE MEN AND WOMEN WEAR BOND CLOTHES THAN ANY OTHER CLOTHES IN AMERICA

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## annual report

YEAR ENDED DECEMBER 31, 1949

BOND STORES, INCORPORATED

## BOND STORES, INCORPORATED

380 FIFTH AVENUE AT 35TH  
NEW YORK 18, N. Y.

### OFFICERS

BARNEY RUBEN . . . . .	<i>Chairman of the Board and President</i>
IRVING COHEN . . . . .	<i>Vice-President</i>
JAMES W. CONNORS . . . . .	<i>Vice-President</i>
SYLVAN N. KING . . . . .	<i>Vice-President</i>
IRVING MOSELOWITZ . . . . .	<i>Vice-President</i>
LOUIS A. GOOD . . . . .	<i>Vice-President</i>
MAURIE SANGER . . . . .	<i>Vice-President</i>
SAMUEL W. STRICKMAN . . . . .	<i>Vice-President</i>
ELLIS H. SCHECHTMAN . . . . .	<i>Secretary and Treasurer</i>
CARL F. KLEMENGER . . . . .	<i>Assistant Secretary</i>

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### BOARD OF DIRECTORS

BARNEY RUBEN	IRVING MOSELOWITZ
IRVING COHEN	ELLIS H. SCHECHTMAN
JAMES W. CONNORS	HERBERT H. MAASS
SYLVAN N. KING	JOHN M. HANCOCK

MAURICE WERTHEIM

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### TRANSFER AGENT

BANK OF THE MANHATTAN COMPANY  
40 Wall Street • New York 5, N. Y.

### REGISTRAR

THE COMMERCIAL NATIONAL BANK AND TRUST  
COMPANY OF NEW YORK  
46 Wall Street • New York 5, N. Y.

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*This report to stockholders is published solely for the purpose of providing information. It is not part of the proxy soliciting material being sent to stockholders, and is not to be used as such; nor is it a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.*



## PRESIDENT'S LETTER

### *To the Stockholders of Bond Stores, Incorporated*

Experience over the past year indicated a new trend in public reaction to merchandising policies from those which prevailed during the preceding several years. The change from a sellers' to a buyers' market has resulted in a rejection, except at sacrifice prices, of merchandise of the substandard type and character generally offered during past periods of scarcity. The buying public has reverted to demanding quality merchandise at fair prices from organizations that stand behind their products. They require confidence in the reputation of the concerns from whom they buy, which cannot be achieved in dealing only with price without regard for quality. Your Company is and has been equipped to meet this trend since it has never sacrificed quality for price and has constantly devoted its efforts to the production of more appealing and better merchandise at the most attractive prices possible consistent with current economy.

While earnings for 1949 have been disappointing to me, much was accomplished during the year. Our post war building program, which originated in 1942, was completed, thus enabling management to concentrate on closer supervision of operations and on the production and sale of merchandise. Every effort is being made to maintain volume and profits, not only through reduction of expenses and expansion of retail outlets where added stores can be obtained economically, but through better customer relationships and improvement of services wherever possible.

Sales for January and February 1950 were 18.7% below those of the same months last year, during which there were several new store promotions, as contrasted with no such promotions this year. In making any comparison, it should be borne in mind that our customary new store promotions contribute materially to sales volume. A number of new store promotions in March 1949, primarily in the latter half of the month, present a similar condition in respect of March 1950. However, sales thus far this month indicate a comparative improvement over January and February. Forecasts of economic and general business conditions are favorable. Such conditions should result in an accelerated consumer demand which your Company is in position to enjoy in a full measure.

As in the past, I wish again to express my sincere appreciation to every member of our organization for their loyalty and cooperation.

Accompanying this letter is a statement of "Facts In Brief" which I trust you will find enlightening.

March 27, 1950

*Respectfully submitted,*

*Barney Ruben*

*President*

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# facts in brief

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## SALES

Net sales amounted to \$82,886,509.08 as compared with \$84,477,443.14 in the preceding year, a reduction of \$1,590,934.06. This is attributable to several factors, the more important of which were adverse weather, prolonged strikes affecting the economy in industrial communities where many of the Company's retail units are located, and the greater availability and sales promotion of other commodities generally referred to as hard lines, such as television, refrigerators, washing machines, and household furnishings.

## EARNINGS

Earnings for the current year were \$3,007,203.45 after setting aside \$1,721,802.51 for Federal Income Taxes, and amounted to \$1.78 per share on the Common Stock. Net earnings after Federal Income Taxes for 1948 were \$5,143,955.31, or \$3.05 per share on the Common Stock. The decline in earnings was caused by high operating costs which were impossible to reduce in direct ratio to the reduced volume, and by the adoption of a temporary policy of promotion for the purpose of meeting competition, retaining customers, and generating additional good will. Operating expenses have since been reduced and substantial savings have been effected which should reflect favorably in the ratio of earnings to volume, if volume can be maintained. Constant attention is being given to this problem and management will continue its efforts to make further economies, if and wherever possible.

## CURRENT POSITION

Inventories at the end of the year were \$16,773,268.91 as compared with \$23,553,941.58 at the end of the previous year, a reduction of \$6,780,672.67. The net working capital amounted to \$25,709,213.33; the ratio of current assets to current liabilities was 5.4; the parent Company has no bank debt and no funded debt, and has no present intention of borrowing. The book value per share of Common Stock was \$23.81.

## DIVIDENDS

During 1949, dividends aggregating \$1.75 per share were paid. Total dollars distributed for the year were \$2,954,666.25.

## STORES

During the year, 13 stores were opened, of which 9 were new stores and 4 were replacements, so that at the year end the number had been increased to 69 from 60 in operation at the end of the preceding year. Consistent with the policy of the Company of presenting to the public only modern and well-equipped stores, 4 stores were substantially enlarged and modernized. No large capital investments will be made in the acquisition of new stores, as it is intended to acquire only existing fully fixtured stores, or locations where the landlord will make the necessary expenditures for alterations and fixtures. Expenditures during the current year for maintaining present stores are not expected to be substantial.



# Bond



**serves**

**the entire**

**family**

## FACTORIES

Due to the general fall-off of unit sales in the retail apparel industry, from the effects of which the Company was no exception, the use of the manufacturing facilities of its new plant at Rochester, New York, has not expanded as rapidly as anticipated at the time of completion. The Company is directing its efforts toward concentrating to a greater extent than was heretofore contemplated on the use of these new facilities. It is expected that in a short time the new building will be fully occupied by reason of the removal from its other Rochester plant of several departments, which it had been anticipated would be left in that building. Any further expansion for additional requirements will then be done in the older building. It must be recognized that the enlargement of the manufacturing facilities was designed from a long range point of view. The history of the success of the Company has been one of change of balance between production and selling capacity, the expansion in each having been done with due recognition of the requirements of the other.

Limited manufacturing facilities in the past necessitated the production of current season's goods over a two months longer period than was seasonably advantageous. With the expanded manufacturing facilities production of merchandise is now more seasonable, making possible a better presentation and turnover—and the reduction of carry-over inventory.

## ADVERTISING

Because of apparel scarcity during and immediately following the war the public purchased their needs wherever they could be obtained, without regard for quality and price. This, together with curtailment of advertising during that period, deprived a substantial segment of the buying public of an opportunity to become acquainted with the Company's policy of manufacturing quality apparel and selling at extremely low prices. In the judgment of Management, it has become necessary to acquaint such public, particularly the young men and women who were directly engaged in the war effort, with Bond's continuous policy of good value at low prices. To accomplish this, the Company has augmented its regular advertising program with a series of institutional advertisements in newspapers. Consideration is also being given to other media of advertising, including Sunday supplements and television.

## GENERAL

The Company will continue to offer well-styled clothing for men and women, expertly tailored from fabrics loomed by the finest mills. In addition to the present lines of topcoats and overcoats for men, suit lines will present wider choice and larger stocks of two-trouser suits. In the past, the Company enjoyed marked success with its policy of selling suits with two trousers. Government restrictions, shortages of materials, as well as limited manufacturing facilities in recent years brought about an interruption in this policy. Currently, the men's suit business reflects a definite return to greater buying.

The ladies' apparel operation showed remarkably large increases during the first six months of 1949. Experience for the last half of the year reflected a falling off of unit price and dollar volume, which resulted in a dissipation to a large extent of the earlier gains realized during the first part of the year. While sales of women's apparel are not expected to increase materially marketwise, inventories of the Company are in good condition and operating costs are more in line with current lower volume. The women's wear operation has always been profitable.

Men's furnishings are in excellent condition in the stores as well as in the shirt factories. During the year all old questionable merchandise was disposed of, making it possible to take advantage of new and seasonable items for the year 1950 as well as permitting full operation of the Company's shirt factory in Meridian, Miss. The Glens Falls, New York, factory is not now operating. Dependent upon conditions, it is intended either to re-open or sell this plant.

# ten year record—

**BOND STORES, INCORPORATED**  
AND WHOLLY-OWNED SUBSIDIARIES

Year Ended December 31	Number of Stores at Year End	Net Sales	Net Income before Federal Income and Excess Profits Taxes	Net Income after Federal Income and Excess Profits Taxes	Cash Dividends Paid on Common	Net Working Capital	Capital Stock and Surplus
1940	59	\$32,444,509	\$ 4,130,554	\$2,690,553	\$1,402,994	\$10,585,009	\$12,011,686
1941	59	45,328,333	7,249,216	*3,279,216	1,402,994	12,357,927	13,542,120
1942	59	44,339,991	7,251,996	*2,639,296	1,122,395	13,890,019	14,914,034
1943	59	45,594,256	9,429,534	3,111,534	1,402,994	12,394,376	16,646,123
1944	59	51,425,054	10,254,266	3,077,266	1,402,994	20,466,843	24,228,744
1945	59	49,515,032	8,859,611	*3,039,611	1,734,040	22,156,868	26,049,504
1946	58	74,589,296	16,198,525	10,020,525	3,313,368	25,015,728	32,978,843
1947	57	83,215,404	14,150,301	8,728,301	3,376,727	26,048,511	38,388,716
1948	60	84,477,443	8,304,413	5,143,955	3,376,744	28,601,852	40,155,928
1949	69	82,886,509	4,729,006	3,007,203	2,954,666	25,709,213	40,208,453

\*After giving effect to the reversal in 1945 of the reserve for contingencies in the amount of \$750,000.00, of which \$500,000.00 was provided in 1941 and \$250,000.00 in 1942

The following special credits are not included in income shown above: Year 1940—\$5,730; 1941—\$154,211; 1942—\$105,013; 1943—\$23,548; 1944—\$1,896; 1946—\$262,905.

Dividends Paid on Preferred Stock, not included above, as follows: year 1944—\$189,752; 1945—\$234,811; 1946—\$33,541





## stores :

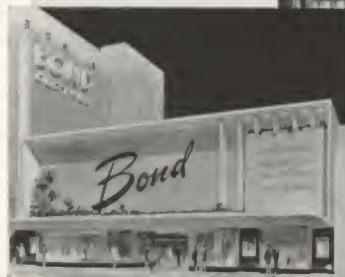
AKRON, OHIO  
ALBANY, N. Y.  
ALTON, ILL.  
ATLANTA, GA.  
BALTIMORE, MD.  
BIRMINGHAM, ALA.  
BOSTON, MASS.  
BUFFALO, N. Y.  
CHICAGO, ILL.  
(5 stores)  
CINCINNATI, OHIO  
CLEVELAND, OHIO  
COLUMBUS, OHIO  
DALLAS, TEXAS  
DAYTON, OHIO  
DES MOINES, IOWA  
DETROIT, MICH.  
(2 stores)  
FALL RIVER, MASS.  
FLINT, MICH.  
GERMANTOWN, PA.  
HARRISBURG, PA.  
HARTFORD, CONN.  
HOLLYWOOD, CALIF.  
HOUSTON, TEXAS  
HUNTINGTON PARK, CALIF.  
JERSEY CITY, N. J.  
KANSAS CITY, MO.  
LORAIN, OHIO  
LOS ANGELES, CALIF.  
LOUISVILLE, KY.  
MEMPHIS, TENN.  
MILWAUKEE, WISC.  
NEWARK, N. J.  
NEW BRUNSWICK, N. J.  
NEW HAVEN, CONN.  
NEW YORK, N. Y.  
(9 stores)  
OAKLAND, CALIF.  
OKLAHOMA CITY, OKLA.  
OMAHA, NEB.  
PATERSON, N. J.  
PHILADELPHIA, PA.  
PITTSBURGH, PA.  
PROVIDENCE, R. I.  
READING, PA.  
ROCHESTER, N. Y.  
SAN FRANCISCO, CALIF.  
SAVANNAH, GA.  
SCHENECTADY, N. Y.  
SCRANTON, PA.  
SPRINGFIELD, MASS.  
ST. LOUIS, MO.  
SYRACUSE, N. Y.  
TOLEDO, OHIO  
TRENTON, N. J.  
WASHINGTON, D. C.  
WILKES-BARRE, PA.  
YOUNGSTOWN, OHIO



1335 F ST. N. W.  
WASHINGTON, D. C.



EUCLID AVENUE AT NINTH  
CLEVELAND, O.



6363 HOLLYWOOD BOULEVARD  
HOLLYWOOD, CALIF.

BOND FIFTH AVENUE  
NEW YORK CITY



811 MAIN STREET  
HOUSTON, TEX.



VINE ST. AT SIXTH  
CINCINNATI, O.



STATE STREET AT JACKSON BOULEVARD  
CHICAGO, ILL.

**BOND STORES, INCORPORATED**  
**CONSOLIDATED BALANCE SHEET**

**ASSETS**

Current Assets:

Cash on hand and in banks . . . . .		\$5,453,283.09
Accounts receivable—customers . . . . .	\$9,306,307.12	
Less: Reserve for doubtful accounts . . . . .	320,689.91	8,985,617.21
Miscellaneous accounts receivable, sales tax stamps, etc. . . . .		308,228.79
Merchandise inventories—Note A:		
Woolens, trimmings, etc. . . . .	\$2,186,009.08	
Work in process . . . . .	1,318,730.87	
Finished goods . . . . .	13,268,528.96	16,773,268.91
Total Current Assets . . . . .		\$31,520,398.00

Miscellaneous Other Assets . . . . .		349,992.33
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Fixed Assets—at cost—Note B:

Land . . . . .	\$5,816,965.27	
Buildings . . . . .	\$10,765,746.51	
Less: Reserve for depreciation . . . . .	1,397,968.85	9,367,777.66
Machinery, furniture, fixtures and equipment . . . . .	\$6,432,188.75	
Less: Reserve for depreciation . . . . .	2,037,740.38	4,394,448.37
Alterations, improvements and leaseholds . . . . .	\$5,920,828.86	
Less: Reserve for amortization . . . . .	702,895.61	5,217,933.25
		24,797,124.55

Deferred Charges:

Prepaid rent and advances to landlords on improvements to leased properties . . . . .	\$1,635,144.09	
Unexpired insurance and other prepaid expenses . . . . .	637,616.25	2,272,760.34
		<u>\$58,940,275.22</u>

The Notes to Consolidated Financial Statements are an integral



## AND WHOLLY-OWNED SUBSIDIARIES

AS AT DECEMBER 31, 1949

## LIABILITIES

## Current Liabilities:

Accounts payable . . . . .	\$ 648,858.37	
Customers' deposits, etc. . . . .	360,962.25	
Accrued salaries, taxes other than Federal taxes on income, expenses, etc. . . . .	2,591,017.84	
Reserve for Federal taxes on income—Note C . . . . .	1,860,166.63	
Mortgages and mortgage bonds payable—current installments—Note B . . . . .	350,179.58	
Total Current Liabilities . . . . .	\$5,811,184.67	

Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B . . . . .	\$13,270,816.83	
Less: Current installments shown above . . . . .	350,179.58	12,920,637.25

## Capital Stock:

Preferred Stock—par value \$100.00 per share:

	<u>Shares</u>
Authorized—to be issued in series as designated by the Board of Directors . . . . .	100,000
Retired and cancelled . . . . .	60,000
Authorized—but not designated . . . . .	40,000

Common Stock—par value \$1.00 per share:

Authorized . . . . .	2,500,000	
Issued and outstanding . . . . .	1,688,383	1,688,383.00

Capital Surplus (no change during year) . . . . .	\$11,596,135.77	
Earned Surplus—Exhibit B . . . . .	26,923,934.53	38,520,070.30

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\$58,940,275.22

part of this statement and should be read in conjunction herewith.

**BOND STORES, INCORPORATED**  
**AND WHOLLY-OWNED SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 1949**

Sales . . . . .		\$82,886,509.08
Cost of goods sold, stores and general and administrative expenses, exclusive of depreciation and amortization . . . . .		77,827,108.82
		<u>\$ 5,059,400.26</u>
Add:		
Income from real estate operations of certain subsidiaries, before deducting depreciation—Note D . . . . .	\$ 364,292.09	
Other income . . . . .	522,605.31	886,897.40
		<u>\$ 5,946,297.66</u>
Deduct:		
Depreciation . . . . .	\$ 920,901.18	
Amortization . . . . .	296,390.52	1,217,291.70
		<u></u>
Net income for the year before Federal income taxes . . . . .		\$ 4,729,005.96
Provision for Federal income taxes . . . . .		1,721,802.51
		<u></u>
Net income for the year, transferred to Earned Surplus . . . . .		\$ 3,007,203.45
Earned Surplus as at December 31, 1948 . . . . .		26,871,397.33
		<u>\$29,878,600.78</u>
Dividends on Common Stock . . . . .		2,954,666.25
Earned Surplus as at December 31, 1949—Exhibit A . . . . .		<u><u>\$26,923,934.53</u></u>

The Notes to Consolidated Financial Statements are an integral part of this statement and should be read in conjunction herewith.



**BOND STORES, INCORPORATED**  
**AND WHOLLY-OWNED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1949**

- NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.
- NOTE B: Land and buildings, which are carried on the balance sheet in the total net amount of \$15,184,742.93, are comprised principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factories owned by Style Manor, Inc., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and the shirt factories, owned by wholly-owned subsidiaries.
- The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$3,300,514.98, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$3,435,000.00, payable in quarterly installments to December 17, 1967. The factories located in Rochester, New York, owned by Style Manor, Inc., a wholly-owned subsidiary, are subject to a first mortgage in the amount of \$6,336,000.00, payable in quarterly installments to December 15, 1968. The property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$199,301.85, payable in monthly installments to July 1, 1964. At each of the said dates the unamortized balance of the respective mortgage becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under a long-term lease; such leases are assigned as security under the mortgages, respectively.
- NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1947 and all assessments have been paid or accrued.
- The Corporation has filed claims under Section 722 of the Internal Revenue Code for refund of a substantial amount of excess profits taxes for the years 1940 to 1945, inclusive. No effect has been given to these claims in the accompanying financial statements.
- The accompanying financial statements are subject to final determination of Federal, state and local taxes.
- NOTE D: This item includes inter-company rental on property partly occupied by the parent company.
- GENERAL: As at December 31, 1949, the aggregate minimum annual rental upon real property leases, other than inter-company leases, expiring after December 31, 1952 amounted to approximately \$1,847,670.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

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**ACCOUNTANTS' REPORT**

*To the Board of Directors,*  
**BOND STORES, INCORPORATED,**  
New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at December 31, 1949 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to consolidated financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at December 31, 1949, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y.  
March 27, 1950

